

GRAND TRUNK RAILWAY OF CANADA.

VERBATIM

REPORT OF THE PROCEEDINGS

AT THE

SPECIAL GENERAL MEETING,

HELD AT THE

LONDON TAVERN, BISHOPSGATE STREET,
LONDON,

On FRIDAY, DECEMBER 28th, 1866,

IN PURSUANCE OF THE FOLLOWING ADVERTISEMENT:

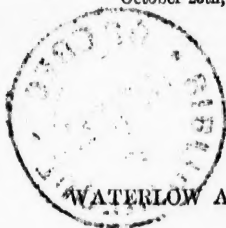
NOTICE IS HEREBY GIVEN, that a Special General Meeting of the Company will be held at the London Tavern, Bishopsgate Street, London, E.C., on Friday, the 28th day of December, at One o'clock p.m. precisely, for the purpose of accepting the Act passed in the last session of the Parliament of the province of Canada, and entitled "An Act to legalise and confirm an agreement made between the Grand Trunk Railway Company of Canada and the Buffalo and Lake Huron Railway Company."

At this meeting, under the provisions of the Grand Trunk Arrangements' Act, 1862 (section 31), Bondholders as well as Stockholders may vote in person or by proxy in respect of such bonds as have been duly registered and deposited with the Company (section 32).

(By order)

EDWARD W. WATKIN, President,
JOHN M. GRANT, Secretary.

Grand Trunk Railway Offices,
21, Old Broad Street, E.C.
October 25th, 1866.



LONDON :

WATERLOW AND SONS, LONDON W.C.

1867.



Bibliothèque,
Le Séminaire de Québec,
3, rue de l'Université,
Québec 4, QUE.



Grand Trunk Railway of Canada.

VERBATIM

REPORT OF THE PROCEEDINGS

OF THE

Special General Meeting.

HELD AT THE LONDON TAVERN, BISHOPSGATE STREET,
LONDON, ON FRIDAY, DECEMBER 28th, 1866.

E. W. WATKIN, Esq., M.P., President of the Company, having taken the Chair,

Mr. J. M. GRANT, the Secretary, read the notice convening the Meeting.

The Chairman then said—

Gentlemen,—I will now proceed, as briefly as I possibly can, to state to you the business for which we have summoned you together to-day, and I may say at the outset that the arrangement which will be laid before you rests entirely in your own hands. You have power to accept it, and you have the power to reject it. If you think it is for your interest to accept it, I trust you will do so; if on the other hand you think it is not, it is quite in your power, as I said before, to say that it shall not proceed further. In the first place, however, I want to ask you to consider the question in each one of four different points of view. First, whether that arrangement will lead to a loss either present or ultimate. (Hear, hear.) Secondly, whether it will strengthen or weaken your permanent position. Thirdly, whether it is

necessary, in order to complete your system, as what is called an "all rail" route, from the Eastern to the Western States of America; and fourthly, whether it would not damage you if this railway of 161 miles long should get into the hands of any one of your competitors? If you address your minds to these four points, and follow me, I will endeavour to give you the facts and arguments as briefly as I can with regard to each one of them. The general principle, however, which I wish to lay down is one upon which I have no doubt there will be a common agreement among us at starting. It is that no arrangement of any kind ought to be come to which will establish a pre-preference over any of the existing preferences of the company. (Cheers.) That is a principle which I have always insisted upon, and it is one which, so far as any advice or action of mine is concerned, has never in this company been infringed, and has never been infringed in any concern with which I have been connected. When, therefore, I see an English railway company proposing seriously to infringe that principle I think I am bound to allude to it, and to state plainly that it is a principle which I hope never to see adopted in this country. Let me clear off some misunderstanding which ought never to have existed, and which has only existed in consequence of a certain amount of misrepresentation, by just reminding you for a moment of what you did in 1861—not what I did, for I had no connection with you then—but what you did yourselves. In the midst of the greatest difficulties, you had a re-settlement of your affairs. You first called a meeting of every interest into which this company is divided, and you then selected a committee which fairly represented every one of those interests. That committee made a report which was laid before and confirmed by a meeting of all the interests of the company. Upon that report, so arrived at and confirmed, a bill was prosecuted and carried with some alterations, but not very considerable ones, in the Canadian Parliament, which constituted the re-settlement of the affairs of this company, dated August, 1862. Now, I have said, there should be no pre-preferences. I dare say that some who hear me will say that those very arrangements established a pre-preference so far as they went; but they were arrangements which met with your entire consent, and they appeared to you to be matter of absolute necessity. You thought that was the only mode

in which the difficulties of the concern could be then dealt with. In the English case to which I have alluded, my disapproval would come to nothing if I did not know that there were other ways of dealing with the difficulties of that English concern without infringing upon the rights of the debenture-holders. This is a digression, however, for which I ought to apologise, but at the time when this resettlement of your affairs took place the course you took was the only one that was in your opinion possible. You owed two millions to trade creditors for the completion of your railway—that is to say, somebody had found two millions to complete the work, and make the railway a completed property. If it were not completed there would be no interest, either for the first or second preference or any other bondholders. Having found the two millions to make it a completed property, did they say they would have their pound of flesh, did they say that if they were not paid they would sell the line? No! They were paid a sum of money on the security of the postal revenue and a certain other amount in 4th preference stock. They did not get a cash dividend of more than 10s. in the pound, and they took that, because having had to do with the inception and progress of the undertaking, they had become morally responsible to you and wished to preserve that high character for integrity and good faith which hitherto has always had a home and refuge in the city of London. (Cheers.) That being the state of things, whatever arrangement you made with respect to pre-existing rights was qualified by necessity and consent, and was accompanied by the most self-sacrificing act that any body of capitalists could perform; therefore I think that no stigma can be thrown upon the Grand Trunk Railway for anything it has done in that direction. (Cheers.) Proceeding, however, to the business before you, I say again that if any man can show that the arrangement proposed to-day does at the present moment, and will in future, in its practical operation, amount to the establishment of a pre-preference, do not confirm it. It is not an amalgamation, nor is it a lease—it is a fusion of the total gross and net receipts of two concerns working together in concord and unity in such a way as will maximise the net profits and advantages of both. Now let me say a word upon the history of the negotiations. This is not a new matter, it has not been done on the

instant, hastily, without consideration, but the matter has been before you frequently, and has been discussed upon many occasions. The first date I must give you is February, 1860, when negotiations took place between the Grand Trunk and the Great Western of Canada, which led to an agreement, never confirmed by you, in my opinion, of a very unwise and unjust character—which agreement was stongly objected to by the Buffalo and Lake Huron Company, and on November 20th, 1860, a strong letter was written by the chairman of that company, calling attention to the agreement, which led to a conference between Mr. Ross, Mr. Blackwell, and Mr. Blake with the Buffalo and Lake Huron Company; and in March 1861, an agreement was come to between Mr. Shanly, acting for the Grand Trunk Railway Company, and Mr. Carter, acting for the Buffalo and Lake Huron Company, which regulated an interchange of traffic, so far as that could be done, and established a through rate system, with division according to mileage upon such traffic as could be developed between them. It also gave the joint use of the station at Stratford and at other points. That agreement which was subject to six months' notice, worked well, and was followed by what took place as reported to you in December, 1861, viz., the proposal of a union of interest between the Great Western of Canada and the Buffalo and Lake Huron Company and ourselves. That proposal followed my first visit to Canada in 1861, and, although I am sorry to be somewhat tedious, yet wishing you to know the whole of the case, I will, with your permission, recapitulate what I said to you in my report of December in that year:—

“As respects the net profit to be earned on your and on other Canadian railways, much may be accomplished by co-operation and union amongst the larger interests concerned. I have laid before you proposals, suggested in concert with the managers of the two other companies, for more friendly and permanent arrangements between your company, the Buffalo and Lake Huron, and the Great Western, and which terms are now under discussion in London. If carried out, I believe they would secure to each of those companies a considerable accession of traffic at more remunerative rates. They would economise expenditure, utilise the plant of the three companies to a great extent, save outlay of capital, and afford greater facilities to the public. At the same

time the arrangements suggested would be in accordance with the true policy of Canada, as tending to develop on a sound and permanent basis the route of the St. Lawrence."

A bill was introduced into the Canadian Parliament in 1861, but, as I reported to you in July, 1862, "the Board of the Great Western Company of Canada having ultimately declined the terms of arrangement, suggested the previous autumn between the Grand Trunk and Great Western, and also between those companies and the Buffalo and Lake Huron Company, and much delay in communicating that decision having unavoidably arisen, negotiations were resumed by the then chairman of the Great Western Company, Mr. Head, and the afternoon before I left England for Canada, the terms of a new arrangement on the general scheme proposed by Mr. Head were, subject to the settlement of some important details in Canada, confirmed by the Great Western Board. After my arrival in Canada, and in accordance with that arrangement, an agreement was also entered into with the Buffalo and Lake Huron Company as follows:—

"That we, the undersigned, acting as the representatives of the Grand Trunk Railway of Canada, the Great Western Railway of Canada, and the Buffalo and Lake Huron Railway Company, do hereby mutually agree to make in this present session application to the Canadian Legislature for an Act to be in such form as may meet the approval of the Hon. Mr. Cartier and the Hon. Mr. Macdonald, Attorneys-General of the Province, to enable the three above-named companies to work together as one railway company, and that the Government be applied to to support and carry through such application. We do also hereby agree that the three chairmen in London (England) shall settle all the money and other terms so far as the Buffalo and Lake Huron Railway Company is concerned, either at once, or on the passing of the aforesaid 'Enabling Act,' as the respective boards in London may decide."

In December, 1862, the report the Directors made to you was confirmed, and that report contains this passage:—

"The Passenger receipts of the company, always hitherto meagre, have shown, when compared with the corresponding half-year of 1861, a considerable falling off, arising partly from the embarrassments in the United States, and partly from the reduction, in the earlier part of the half-year, of the through Western passenger train service of the Grand Trunk Company, made in expectation

of an early fusion with the Great Western Company, and resulting for the time in considerable benefit to that company. This through service has been restored. Some differences having arisen in Canada, between the Grand Trunk and Great Western Companies, the Board made an offer to the Great Western Board in England to agree for some fixed term to refer all questions of difference between the two companies to friendly arbitration, and, although this offer was not accepted, the Great Western Board expressed its desire to meet and endeavour to dispose of all such questions as they arose, in the first instance. The through working arrangements with the Buffalo and Lake Huron Company for interchange of traffic with New York and the Eastern States, have been much improved during the half-year: but traffic has been lost to the Buffalo Company for want of an adequate supply of rolling stock, and the rate of exchange has destroyed much of the profit on the traffic actually carried by this route. The directors will endeavour to preserve friendly relations, and to extend interchange of traffic with all the railways connecting with the Grand Trunk."

Then, again, if we look to the following report in June, 1863, which was also laid before you and confirmed, you will find it there stated:—

"The anxiety of the Board to preserve cordial relations with the Great Western Company of Canada has been often exhibited during the past two years, and the last report states that an offer had been made on behalf of the Grand Trunk Railway Company to the Board of the Great Western Railway Company, to submit all matters in difference to arbitration, and had been declined. During the past half-year questions have arisen, as the Board foresaw, which might have been thus quietly disposed of, and if further and needless competition should unfortunately now arise, your Board, while protecting your just rights, will not be responsible for any untoward consequences to other interests."

Then we come to the agreement of 31st December, 1863. I do not mean the agreement I have to lay before you to-day, but that of December, 1863, which proposes a system of "through-booking," and gives to each company respectively running powers over the lines of the other for certain prescribed traffic, and then provides for the ultimate laying down of a third line between the two points; but limits the powers to a certain extent, confining the running of the Grand Trunk over the Buffalo Company's line to the through traffic,

to the exclusion of the local. We found, however, that we could get no profit if we were debarred from picking up and setting down the local traffic, and the trains confined to "through traffic" would not pay. In consequence of that we made the contract of June, 1864, and at the meeting that was held here on the 9th of June, although the seal of company was not attached till some time later, that agreement was confirmed. I went, at that meeting, at great length into the question before you. Under one of the clauses of that agreement it was provided that an Act of the Canadian Parliament should be applied for, and although the agreement thus had received the sanction of the proprietors at a special meeting, still, as it was a matter of great importance that you should have given to you the full and complete power of revising your own decision, a clause was introduced into the Bill, which provided that the Act should not come into force until you had again considered and confirmed the decision previously come to. The Bill was passed, and its opponents were mainly the representatives of the Great Western of Canada. Now, as everybody knows, my policy and my recommendations have always been that the Great Western of Canada, the Buffalo and Lake Huron, and the Grand Trunk, should work together in a most cordial manner, in order to increase the development of the traffic, and make together an "all rail" line through Canada. The effect of that would be that a very large profit, which could not be derived while the three concerns were separate, would be derived when that union took place. If the Great Western, and Buffalo, and Grand Trunk were one concern, and had one interest in working, the result would be that in a great many cases, if not in all, the Great Western, instead of handing all that traffic which comes to the Suspension Bridge to the American lines, would send it along yours, and instead of going 200 miles, perhaps, over the separate, it would traverse 800 or 1,000 miles of the collective Great Western and Grand Trunk system. It is like two men in a business, one buying and the other selling, competing with each other, whereas, by working harmoniously together, they both get the profits. I think I may claim that I have never asked you to do anything that would prevent a friendly union with the Great Western of Canada; on the contrary, I have exhausted every effort during the past five years that I have been connected with the company to bring

about union. I have failed—but it has been from no fault of my own. This is the position of affairs :—The Great Western Company seem to have made up their minds not to form an alliance with the Grand Trunk. If that be so, clearly we ought not to enable them to obstruct our being an “all-rail” line without them. (Hear, hear.) One of the most unfortunate things of the past was that the Grand Trunk Railway did not end at Toronto, and the Great Western ran on to the United States boundary. However, that is no fault of ours; we found those lines in existence, and that being the error that was made we must endeavour to correct it in the best way we can for your interest, and, failing an alliance between the Great Western and ourselves, plainly the best course we could pursue was to take possession of the Buffalo and Lake Huron. The only objection which arose in my mind with respect to that arrangement, which shook my opinion and made me pause with regard to it, was the bare possibility of the United States at some time or other putting an end to the Bonding Act, which is an Act enabling the produce of Canada or the United States to pass through either of those countries, without payment of Customs duties, or anything to obstruct the transit of goods intended for consumption in either country. I cannot believe that Act will be put an end to. I never will believe that a Government so sagacious and so wise as that of the United States—it has its faults, like other Governments and individuals—but I do not believe that they would pursue a policy which is worse than that of Japan—I mean ancient Japan, for the modern Government of that country is far more liberal. I do not believe that the Government of the United States will act in the spirit I have indicated towards neighbouring provinces containing three or four millions of people speaking the same language as themselves. But you should have that possibility fully before you. (Hear, hear.) There is one point, though hardly bearing on the question, to which I wish to refer—that is the competition which has been going on between the Grand Trunk and the American lines for through traffic. In September last we received a communication inviting us to attend a convention of what are called the “all-rail” routes from the East to the West, to be held at New York. Mr. Brydges attended that Meeting, and it was proposed that the Grand Trunk should enter the combination, under which they should agree to charge the same rates as the American lines, and that

o fault of
Western
form an
we ought
ine with-
te things
t end at
l States
e found
hat was
y we can
e Great
ld pur-
Huron.
spect to
ade me
of the
d to the
Canada
untries,
bstruct
either
in end
gacious
as its
do not
e than
n Go-
believe
in the
s con-
same
bility
ough
fer—
en the
e. In
us to
from
ydgcs
rand
ould
d that

we should give up selling our tickets in America through our own system of agencies. Now, our great object has been to make the Grand Trunk a popular route for passenger and goods traffic from the Atlantic cities to the Western States. The development of your "through traffic" has shown that that policy has been successful. A cordial understanding has been come to as regards transit between those carrying on trade in Canada and the United States, which has had not merely a good effect upon your resources, but has produced an excellent moral effect in making the traders on each side of the border more disposed to co-operate and less disposed to quarrel than they were before. (Cheers.) What would have been the consequences if we had fallen into the trap set for us by the American lines? Do you think you would have had much of the "through traffic" if they were to sell the tickets for you? Would you not have raised an angry feeling among American merchants, who are now your customers? They would say, and very justly, "You have done away with all the advantages which formerly resulted to us from your liberal policy, and we will now get our Government to abolish the Bending Act." We, your directors, no doubt, do sometimes make mistakes, but I do not think we have acted wrongly in the course which we have taken. I thought the proposal so serious a one that I had intended to go out to America to confer with Mr. Brydges on the subject; but I heard at the end of October that the Baltimore and Ohio, one of the four American companies, had stated that they would withdraw from the combination. In that altered state of the case our instructions to Mr. Brydges were to protect the interests of the Grand Trunk, for it was quite clear that we could not go into a combination when we were threatened with ostracism and with the stoppage of our through traffic if we refused. Well, now, much has been said about this combination, and our refusal to join in it, and the consequent competition that refusal led to. The brief answer to it all is to be found in a paragraph in a letter which I received this morning from Mr. Brydges. The letter bears date Montreal, December 14. He says:—"The fight with the American lines has been brought to a conclusion, they having agreed to the terms which we have all along offered them—viz., a discriminating rate in our favour between the West and the New England States, both in passengers and freight." (Loud cheers.) And he further adds:—"These American

lines have been sadly disappointed that our traffic returns have not shown a diminution during the time they chose to fight us, but that, on the contrary, we are the only railway on this Continent, east of Chicago, which, during the last six months, has shown any increase at all." (Loud cheers.) Now, gentlemen, I dismiss that subject. With regard to the question of traffic, Mr. Brydges estimates an increase of traffic in the half-year, notwithstanding the disadvantages under which it has been working, of £10,000 sterling, whereas, on the other hand, the Great Western returns, so far as they have been published, show a decrease already of £56,584; the Michigan Central, £38,200; the Michigan Southern, £20,000; the Illinois Central, £137,000; the Chicago and Alton, £15,000; and the Erie, £51,000. Now, I think that, inasmuch as the same causes that operated to their disadvantage with regard to their "through traffic" have operated to ours, this is a proof, added to many others, that the development of your resources still continues, and that we can look forward to further development in future of the local traffic in the country to which we always look as the backbone of our revenue on all occasions. (Cheers.) I don't know that I have much more to say, except again to allude to the four points with which we started. The first question I ask you to consider, and after all it is the main question in the bondholders' point of view, though not in the shareholders', will this arrangement cause a loss? In the report which has been sent to you we have shown you frankly the operation of the agreement under each half-year, and that there is a balance of loss upon the two years' working equivalent to £12,254, to which the loss on American currency must be added. I may mention in round figures, and I could give the details if required, that the total traffic we have interchanged with the Buffalo and Lake Huron Company within the last twelve months has amounted to nearly \$2,000,000. Of that amount we have earned on the Buffalo and Lake Huron line \$1,200,000, leaving \$800,000 as the traffic thrown on this line by the Buffalo Company. If the Buffalo line belonged to the Great Western or one of the American lines, the whole of that traffic would not be lost to us, for much of it would be interchanged of necessity. \$800,000 represents £160,000, and, if you take off the discount and allow for what would in any case be exchanged with us, that sum would be much reduced. To go to the very verge of the thing—

I will put it as high as you like—and suppose that you get three-fourths only as the profit, even then it is plain, taking the account on both and not only on one side, you are over and over again paid in money for the possession of this line. That is a question which any man can demonstrate for himself; but we requested Mr. Brydges and Mr. Hickson to go thoroughly into this question of interchange of traffic, and we give you these figures as their calculation of total results. Any one can investigate them, we are quite willing to show them to Grand Trunk shareholders who do not come here to represent Great Western interests. Then, again, with respect to the working of the line, any one must know that if the two are worked as one they can be worked much more economically, and that is a matter which is to be brought into consideration in deciding “does this arrangement involve loss or give profit?” I ask, with regard to the second point, will it strengthen your permanent position, knowing the original mistake that was made in the Great Western line, and your line not being made a through line instead of two competing lines, and knowing the fact that the Great Western intends to remain a permanently independent line, and to ally itself with American routes? Will any man doubt for a moment that the possession of the Buffalo and Lake Huron Railway, as a continuation of your line, enabling it to be placed in conjunction with the Erie and New York Central, will greatly strengthen your position? It may be said, will you not strengthen their position as well? Of course you will. Then it may also be said, but you have given very good terms to these people. I am willing to admit that we have; but was it not to your interest that we should do so? A glance at the map proves the second proposition, that the possession of this line strengthens your position. I come then to the third point, whether it is necessary, by the possession of this railway of 161 miles, to complete our system as “an all rail” route to Buffalo and towards New York. That also is proved by the map. How could the Grand Trunk extend its traffic over the New York Central and Erie lines, embracing with their subsidiaries a system of 1,800 miles, unless it has possession of the line to Buffalo? Then I come to the fourth point—Would the possession of this line by the Great Western or any other competing line assisted by the Great Western, have a tendency to damage and cripple us? I should think that you have sufficient experience of the

operations of the Great Western of Canada to warn you not readily to have your system cut off at Paris. Let us assume that the Buffalo line belonged to the New York Central or to the Great Western—what would be the effect upon the traffic going to Boston? Instead of having the mileage for the whole 800 miles, as we now have, if they had possession of this funnel, you would be stopped by the Great Western, who, following out their duty and interests, would deliver it to the American lines. Can any man, taking a calm and dispassionate view of this question, and considering it in that serious manner in which alone it ought to be considered, doubt for a moment that it would be a serious damage to the Grand Trunk to be deprived of the possession of the Buffalo and Lake Huron line? ("Hear, hear.") There, gentlemen, I think I have proved my case. At all events, I have laid before you the facts and arguments—arguments against as well as for, which I think ought to induce you on the whole to agree to the proposition which I have to submit.

I will conclude by saying that, not satisfied with our own opinion, we referred the matter to Messrs. Brydges and Hickson, with instructions to make a special report on the subject, so that if there were any new circumstances which might mitigate or alter their opinion, you would have an opportunity of re-considering it. That report was dated 3rd of December last, and contains the following passages:—

"In regard to the through traffic, the possession of the Buffalo Line between Stratford and Fort Erie has been of very considerable value to the Grand Trunk Company's main line between Stratford and Detroit, because, when the two lines were worked independently, there was never any proper control of action, and the consequence was, that the through business was generally small; but, since the line has been worked as part of the Grand Trunk system, this through business has been very considerably increased, especially in passengers. * * *

It is true that the course of trade in Western Canada is somewhat changing, and that a smaller quantity of produce finds its way to American markets across the Niagara frontier, and a larger quantity to Montreal and the Lower Provinces, through the St. Lawrence and by way of Portland. Still we find the business that is offering to go across the Niagara frontier at Buffalo, notwithstanding the large increase taking place in that to the Lower Provinces, is also growing, and it would really seem, from our traffic returns, as if the Custom's difficulties, which the Congress of the United States have thrown in the way of the trade, have

not had the effect of diminishing it to the extent that was anticipated. That the course of legislation in the United States will continue, for some years to come, of the same character as that which was adopted at the last Session of Congress, is probable ; but that it will be ultimately permanently adopted seems almost impossible to believe. The greater the restrictions thrown in the way of interchange of trade between Canada and the United States, the quicker it seems to us must the natural recoil from such a state of circumstances ensue, and when once the barriers are broken down, the flow of trade will be greater than ever it was before.

" Whilst, therefore, fully knowing that the present political and commercial condition of affairs in the United States may be calculated for a time to retard what would otherwise be a very large trade, we are of opinion this question should not be looked at simply as one affecting our position to-day, but as certain to be sooner or later changed in the direction of more enlightened views.

" We consider that New York, being the great commercial centre of the United States, it would be injurious to a proper growth of our trade if, as regards the main shipping points on the Atlantic, we were not in a position at the West to offer to all those who desire to send their property to New York, as good a route as other lines possess. There is a very large amount of business done by parties in the West with New York, Boston, and other places. They would certainly prefer to deal with a Company which would send their property to all these points, rather than to have to confine themselves, as in our case, to only those places with which a certain proportion of their business is transacted."

* * * * *

"We have in conclusion, therefore, only to express our strong conviction that the true interests of this Company require that the agreement with the Buffalo and Lake Huron Company should be confirmed." (Cheers.)

I now beg to move the following resolution—"That the Act passed in the last Session of the Parliament of the Province of Canada, and entitled 'An Act to legalise and confirm an Agreement made between the Grand Trunk Railway Company of Canada and the Buffalo and Lake Huron Railway Company,' be accepted."

Mr. POTTER seconded the motion.

The CHAIRMAN—Gentlemen, I am now in your hands.

Mr. ISHERWOOD thought that the Chairman had made a slight mistake in stating that no pre-preference has been

established in this Company. He was an original shareholder of 1851 and a debenture holder, holding some of the first debentures that were issued, and he found that not only the first, second and third debenture holders were put over him, but also the equipment mortgage bonds. There was another point upon which he thought he ought to say a word, and that was that he considered it rather a hard thing that the Chairman of the South Eastern Railway Company had deemed it necessary to refer to another Company, which had never been in such a bad position as the Grand Trunk Railway. Some time ago, the Grand Trunk Railway was only receiving £7,000 a week, whereas it was now receiving £30,000, and it was to be hoped that at some future time or another the London Chatham and Dover Railway Company would be in a similar state of prosperity.

Mr. WYLD considered that the statement referred to by the Chairman put the loss sustained by the working of the existing arrangement with the Buffalo and Lake Huron in far too favourable an aspect. It was true that the total loss was £12,000 on the two years, but by far the greater portion of that loss was made in a much shorter period. They had, in fact, lost more, and were still losing more than the report would seem to show. Looking to the great difference in the capital cost of the two lines, the division of the net profits should be, he considered, based upon their respective capital outlay, and not upon the mileage; for, in fact, mile for mile, the cost of construction of the Grand Trunk was double that of the Buffalo and Lake Huron. He had lately heard some arguments in regard to the value of extra or branch lines. Sometime ago, branches and extensions were most unpopular, but he feared that at present the public were going to the opposite extreme. There was one subject more on which he wished to ask a question, and that was with reference to the Buffalo and Lake Huron Company. He would be glad to know whether any of the directors of the Grand Trunk Company were connected in any way with the Buffalo and Lake Huron Company, because they had heard so many things within the last few months, in which some of the greatest names had been mixed up in the most unpleasant manner with questionable matters, that it had made shareholders extremely suspicious. They were about to give a large sum of money to the Buffalo Company, and he would like to know whether the directors

shareholder
of the first
not only the
ut over him,
was another
a word, and
ng that the
pany had
, which had
Frunk Rail-
y was only
y receiving
are time or
y Company

d to by the
f the exist-
a in far too
al loss was
portion of
ey had, in
the report
nce in the
et profits
ve capital
e for mile,
ole that of
ome argu-
Sometime
r, but he
posite ex-
el to ask a
and Lake
ther any
connected
company,
last few
n mixed
matters,
. They
Buffalo
irectors

of that Company were connected in any way with this, and if, on the other hand, the directors of this Company were connected in any way with that Company.

Mr. STOKES—I am one of those who wish to support and help on the present board of management. I came into this concern some years ago, and I found that until within four or five years ago it was going very far back indeed. Step by step we appeared to be going back; but about that time a reform was made in the Board, and since then everything has been done that the Board of Directors could possibly do to further the interests of the Company. We have made great progress since then, and we have invariably gone on in the right direction. (Cheers.) You have heard from the Chairman to-day that the connection with the Buffalo railway is not a matter of six months or any other short period, but that the arrangement has been in existence for some two or three years. Great progress has already been made, and under its provisions it has been proved to be for the united interest of both railways, and I shall therefore give my cordial assent to the amalgamation. I think it is a good thing for our interests, and as I said before, I believe the Directors are doing the utmost that can be done to forward the interests of the Shareholders of the Grand Trunk Railway Company. (Hear, hear.)

Mr. HARTRIDGE—I should rather like, Mr. Chairman, to know something of your views in connection with the Great Western Railway of Canada in relation to this lease. I took a great deal of interest in the Buffalo question, which was one that was very much considered by the late committee of investigation. I have all along felt, as I have before stated, that it would be well to have entered into friendly relations as well with the Great Western of Canada Railway as with the Buffalo and Lake Huron Railway Company. Now, I am anxious that that friendly relationship should still be secured, and I hope that the Chairman will be able to tell me that he still desires to work in union with the Great Western of Canada Railway Company, because I must say that he has raised a degree of alarm in my mind by the observations which he has made, and also by the extracts from the letters which he has read, because those letters state that the arrangement we have made with the Buffalo and Lake Huron Railway would be the means of competing

with the Great Western of Canada Railway. Now, I confess that that is what I fear. If we get into competition instead of working in harmony and union with that Company, much of the profit will be lost which would otherwise accrue if we worked in harmony. I am sure that it would not do to amalgamate the capital account, because if anything of that kind were attempted a variety of questions would be introduced that would doubtless tend to prevent union; but I think that it might be arranged that the greatest amount of earnings shall be obtained by each Company and divided fairly between them. No one can doubt that it is in favour of the Grand Trunk of Canada Railway that there should be a union between it and the Buffalo and Lake Huron Railway Company. That being so, I am anxious that we should not lose the benefit of that union by going into competition with the Great Western of Canada Railway, which could not but lead to results which would be injurious to both. (Hear, hear.)

Mr. ADAMS—I do not rise to oppose the union of interests between the Buffalo and Lake Huron Company and the Grand Trunk of Canada Railway Company. We have been working now together for two years, during which time we have had the entire possession of their property, and it would be extremely absurd to dispute and upset the existing arrangement, even if we had the power to do so. But I rise for the purpose of asking the chairman whether it is strictly accurate that the course which has been adopted does not make a charge over the preference stock of the Grand Trunk of Canada Railway Company. As I read it, it does, and a very serious one, too; because it states that before any dividend is paid on the preference shares in the Grand Trunk of Canada Railway Company, this amount is to be divided. I think you will see that the meaning of that is that the Buffalo and Lake Huron Railway Company is entitled to a first charge on the receipts of the Grand Trunk of Canada Railway, and that being so, it seems there is a large amount of money to divide in preference to the existing stock. There is another point on which I should like to have some explanation; not only is there an actual loss as it seems to me of £12,250 on the traffic arrangement, but there is an immense loss on the depreciation of American currency. I think that is a matter which must be and ought to be brought more clearly out. That loss is very considerable in the last half-year,

w, I confess
ition instead
pany, much
se accrue if
ld not do to
ing of that
d be intro-
but I think
unt of earn-
vided fairly
avour of the
l be a union
on Railway
should not
etition with
uld not but
h. (Hear,

of interests
y and the
have been
ch time we
h it would
g arrange-
ise for the
ly accurate
ot make a
Trunk of
nd a very
dividend is
of Canada
. I think
Buffalo and
rst charge
Railway,
amount of
k. There
some ex-
seems to
is an im-
. I think
ght more
half-year,

and I think I am understating the facts when I say that, taking the loss for the last half-year at £13,000, if you take the trouble to examine the statement made with reference to the loss of 800,000 dollars, you will find that there has been a much greater loss on American currency. If you turn it into English money, it is £160,000; but I think I am not incorrect if I say that the amount of the loss on American currency is equal to from 40 to 50 per cent., that is, £64,000 on the £160,000; therefore, the net receipts have not been £130,000 but under £100,000, and when you add to that the cost of the Grand Trunk Railway, including repairs and renewals, it brings it up to 70 or 80 per cent.; so you see what an enormous amount of net profit you have to make in order to pay the Buffalo and Lake Huron Railway. Now, Sir, I wish to state these facts, not with any intention or notion of upsetting the whole affair, but with the hope of endeavouring to impress upon you the necessity of entering into no more leases, amalgamations, or arrangements of any kind whatever, that, in my opinion, is the first duty of the Grand Trunk Railway. Now, in reference to the arrangement made with the American lines, I will say a word or two upon that. It is quite useless to take up your time any further upon the arrangement with the Buffalo Company. The object of the combination^s of the American lines was clearly to obtain the largest amount of net profit for the shareholders. You are aware that the American lines for the last four years and upwards have been worked at an enormous percentage on the cost. They have received their fares in "green-backs," as you have received your dividends in "white-backs," and their expenses are consequently enormously increased, all of them having to be paid at gold rates. Their object, therefore, was to obtain an increase of fares, and I should say a more laudable object could not have been introduced by those gentlemen who had the interests of their shareholders at heart, and wished to pay them better dividends; I should, therefore, express my regret that the Grand Trunk of Canada Railway Company refused to enter into a combination with them for the purpose of obtaining remunerative fares.

The CHAIRMAN—We have done so, but we have entered into arrangements on our own terms, and not as part of a combination.

Mr. ADAMS—I am happy to hear that you have done so

now, but I think it would have been much better if you had done so at the commencement of the combination.

A SHAREHOLDER—But we have done so on our own terms.

Mr. ADAMS—The American directors are not men who are more unreasonable than any others. I cannot see any reason why we could not have entered into that combination on certain terms as well as into any other railway agreement. If it could have been effected at that time, you would have felt a very considerable difference in your dividends for the next half-year. We cannot expect to monopolise the whole railway traffic of the colony, and I must remind this Meeting that there is another railway which is likely to interfere very considerably with us, viz., the Atlantic and Great Western Railway. I did all I could to prevent the promoters of that railway carrying out their proposition to make an international bridge at Buffalo, and work it in connection with our railway system. In my opinion all the Grand Trunk Railway has to do, is to carry out its own work and to develop to their utmost extent its own great resources. It ought not, therefore, to enter into any leases, amalgamations, agreements or arrangements, which involve a preference charge over the existing stock. I am certain that before many years have elapsed, the Grand Trunk Railway of Canada will be a great property. It is £1,300 miles long. It goes through various large towns, and there is no reason to believe that in a growing country like that of Canada, the traffic will not very largely increase, and if the traffic conveyed upon this railway increases, your expenses will diminish and you will be able to obtain some substantial revenue for division among the shareholders. We have been waiting many years and we have been promised many times that, some time or other, although unfortunately that some time has always, hitherto, been in the remote future—still we have always been promised that we shall at some time or other, have a substantial dividend. I am sorry that the last half-year the dividend was not better, and had it not been for some expenses of former years, it would have been larger. I hope, therefore, that when we come to make up the accounts this half-year, there will be no more charges for renewals or repairs. Some parts of our line have no doubt been much improved, and there is every reason to believe that in future years we will have a greatly improved property.

if you had

own terms,
 en who are
 any reason
 ion on cer-
 ent. If it
 have felt a
 r the next
 whole rail-
 ecting that
 very con-
 Western
 ers of that
 ernational
 r railway
 ilway has
 e to their
 ot, there-
 ements or
 over the
 ears have
 e a great
 h various
 a growing
 y largely
 lway in-
 e able to
 he share-
 we have
 although
 been in
 ised that
 dividend.
 ot better,
 years, it
 when we
 ill be no
 our line
 y reason
 tly im-

Mr. CONYBEARE—I am anxious to say a few words on a much higher principle than the question has hitherto been put. I hold in my hand a letter from a noble lord, whose opinion on railway matters is entitled to the greatest weight; I mean Lord Redesdale, who has expressed himself very strongly with reference to continued extensions, and to the impolicy of railway companies involving themselves in such difficulties as many of them are now under. I am sure that no one wishes more than myself for the success of this great Canadian undertaking. No one more than I do wishes to see it productive to its fullest extent; but at the same time no one more than myself wishes to see respected those rights which all honest men in every country wish to see respected. I therefore must say that I feel we are not the people who ought to come here to fight as shareholders, for the purpose of establishing a pre-priority over the rights of gentlemen who possess first preferences in this company. I say, as I said at the time the original Arrangement Act was passed, that it ought to have been referred to the several classes reserving their several rights, and it is not for us, the ordinary shareholders, who are mortgagors, to do anything which will destroy the mortgagees' rights. I do not mean to say that I could follow the clear and lucid statement of the Chairman in such a way as to answer it; no one who hears our Chairman going through a statement of facts and figures can do so without being struck with the clear and lucid way in which he puts them to you. I think a great deal might be said with reference to the different routes and the very considerable differences in the mileage system. When, however, we are asked to enter upon a new system of traffic running east and west, in connection with the American lines, and at the same time to take measures to protect our own interests, I think that the question which Mr. Hartridge has put as to whether it will not lead to a possible competition of a serious character between us and the Great Western of Canada, is one of a very important character, and which cannot be looked at without a feeling of alarm. When I look at the future of the undertaking and to the fact that preferences have been put, over and over again, before existing preferences, I say that we ought to pause before we give our consent to any leases or arrangements which, however they may pay us in the long run, will of neces-

sity impose a preference charge as against previous mortgagees. I do not think such a proceeding an honest one; and when it is taken in connection with the fact that we never required competition with the Great Western of Canada Railway, I very much doubt the wisdom of the policy which is proposed to be pursued. I must, therefore, with great deference to the Chairman, say that I sit down having considerable doubts as to the wisdom of placing ourselves in competition with the Great Western of Canada Railway, and I do so the more, because I can't conceal from myself the probability that some time or other a non-suspension of the Bonding Act of the United States may take place. It is impossible to predict from the present state of feeling in America, what steps may not be taken by the American Government within the next two or three years, and the operation of those steps with regard to the future of Canada, which raises a different question altogether; I believe, however, in spite of all these international questions, the future of that great country will be, that it will form part of a still greater confederation, or rather, that it will become joined to the United States. All these questions press upon my mind; but, at the same time, I must say, that the broad and lucid statement which the Chairman has made to us, would have gone very far to convince me (if I did not feel supported and sustained by the principle which I believe to be the right one, that the rights of the mortgagees ought not to be interfered with) of the propriety of the course which has been proposed by the Board. Had it not been for the principle to which I have alluded, I should probably be a convert. (Hear, hear).

Dr. H. JOHNSON—I merely rise for the purpose of putting one or two questions for my own information, and also for the information of others. Although I followed your extremely clear and lucid statement as closely as I could there yet remain one or two points upon which I think a little farther explanation is desirable, or at all events they are points on which I do not exactly understand the facts of the case. In the first place you seemed to me to congratulate us upon the success of our opposition to the combination of the American lines, which included the Great Western of Canada, and which certainly did not exclude ours, but which you opposed because of the terms upon which we were to enter into the combination. Now what I do not clearly understand is,

what was the precise effect of that combination, and what were the terms upon which we were to enter into it? With regard to the second point we really know nothing at all, and all that we know in respect to the first is from the statement made by the Associated Companies. That statement amounts to this, that the object of the combination was to obtain remunerative rates for the traffic carried; the rates hitherto, as has been frequently mentioned, not having been sufficiently remunerative. A second object which they had in view in agreeing to that combination was to do away with the sale of tickets by commission agencies, which was a system which the associated railways found extremely objectionable; their third object was to do away with free passes, which had been very much abused. We may then state shortly that the securing of remunerative rates, the doing away with the ticket agencies, and the abolition of the free pass system were the objects of that combination, and certainly it appears to me that they were very laudable objects indeed to be accomplished. I don't know whether I am quite correct or not, but I have an indistinct recollection that it was stated at the time that the managers of the Grand Trunk Railway had to some degree fallen into this combination, but a little while after it was stated that they had not. One thing appears quite certain, and that is that this Company not only repudiated the arrangement which was made by the other companies which were parties to it, but refused persistently to accede to join in a combination which would have the effect of raising the fares, but actually embarked with another company in an undertaking, the basis of the agreement between them consisting in the joint lowering of the fares on the one hand, and a persistence in the touting system of the sale of tickets by agencies on the other. I understand that the combination has failed entirely in consequence of our refusal to accede to it. Whether or not the allegation that the agreement we have made with the Buffalo and Lake Huron Line will have the tendency to make other companies assume an aspect hostile to us and run their trains in a manner that will be as inconvenient as possible to us is correct or not, I do not know; but I feel that it is now rather too late in the day to meddle with the agreement. There is one provision in the lease which was not touched upon by Mr. Adams or Mr. Conybeare. I do not think they have seen it; but if they

have they did not notice it, and to which I wish to direct your attention in order to warn you to what it may lead. It is the 4th clause or condition of the lease, which provides that in the event of any additional capital being required for the purpose of repairs, &c., the money shall be raised and shall be a first charge upon the joint net receipts of the two undertakings, or on the net receipts of the whole line, at a fixed charge of £6 per cent. per annum, and that the money so raised shall be expended for the joint purposes of such undertaking. Now, that appears to me to lead to an indefinite creation of £6 per cent stock.

Mr. CONYBEARE—Yes, and preference stock too.

Dr. JOHNSON—And when you come to consider what it is to be created for, you will see how very large the words of this provision are. It is to be created whenever money is required for repairs, renewals, or other works in connection with each of the "through" lines. What an indefinite clause that is. "Such money is to be invested in the purchase of all the necessary rolling stock, &c." What limit can one put to that? I do not mean to say that it is in your contemplation to make use of the powers given to you under this 4th clause of the agreement. You may, in fact, determine to do nothing of the sort, but you are not immortal, more than any other board of directors, and suppose that at any future time some of your successors should feel inclined to put this power into operation,—*Litera scripta manet*,—the words are down in the agreement, and any future board of directors may, if they feel so disposed, use them to the prejudice of the present bondholders, who most certainly have suffered enough. I must say that I wish I could get a distinct understanding not only of what this clause means, but some legal opinion of what it may lead to. No doubt it is quite right, if used in the sense in which the directors have inserted it, but what I wish to know is the use which may be made of it. (Hear, hear.)

Mr. NEWMARCH—It is very seldom that I trouble the proprietors at their meetings, but I should like on the present occasion to say a few words with respect to the Board, and in reference to the select Committee, of which I was a member. Many of the gentlemen who have spoken to-day seem to be under the impression that it has been the settled policy of the Board of the Grand Trunk Railway Company to go on

putting pre-preferences, as they have been styled by the use of a new-fangled phrase, before all the existing charges of the Company, and one of the proprietors who spoke with great force upon that point in the body of the room, referred to something which took place in the early history of the Company, with regard to the debentures, by which some former charge had been put before them. But he quite forgot to explain that while undoubtedly something has been put before them, something has also been put behind them, and that the £3,000,000 advanced by the Canadian Government instead of remaining before the ordinary bonds, as originally suggested, and indeed conditioned by the Province, has by an Act of the colonial legislature, been placed behind them. He has also forgotten that it was the settled policy of the Committee on which I served to have no pre-preferences at all. The principle of that committee was to deal out even-handed justice to every class of bondholders, and shareholders, and therefore we said to the St. Lawrence Company and all other companies, "You must all stand back: we will not ask A, B, or C to bear the burden alone, but you must all consent to be put back, and no pre-preference can be allowed." I know it is said that there actually was a small pre-preference created at that time. That is true. There was a small sum of money required for the equipment of the line, and the Committee thought that there ought to be a pre-preference created for that sum, for the obvious reason that unless a sufficiency of stock could be put upon the line no money could be earned, and you were all concerned in earning something. There was, however, no reason why A, B, or C should bear the whole of the burden. We thought that all ought to contribute, and that was the reason why the £500,000 equipment bonds were placed in the position in which they now stand. (Hear, hear.) So far, I think you are bound to acknowledge the justice of the policy adopted by the Committee. Let me say that that Committee did two things. It did the work which you told it to do, and it cost you very little in doing it. When the Committee had disposed of its work it vanished, and its work remains behind. With regard to the questions which we have had brought before us to-day, you must recollect that the present Board did not make or in any way promote the multiplicity of lines at the western extremity of Canada. We found them in existence, and we had to con-

sider in what way we could work with them in a manner most calculated to promote your interest. The Buffalo and Lake Huron Company's line, as the Chairman has explained to you in detail, must always be intimately connected from its geographical relationship, with the Grand Trunk of Canada. That being so, and the Committee seeing that there must of necessity be some connection between the Grand Trunk and the Buffalo and Lake Huron lines, they came to a unanimous decision upon the subject, and not only were the Committee in favour of working with the utmost harmony with the Buffalo and Lake Huron Company, but I believe it is notorious, that there was the strongest disposition upon the part of the Grand Trunk to work in harmony with the Great Western of Canada and even to do something more than that, if the Great Western of Canada were willing. But, gentlemen, if they were not willing, surely that is no reason why we should not enter into some arrangement with the Buffalo and Lake Huron Railway, and that is what you are doing. During the last two years we have heard a great deal about amalgamations, new lines and extensions, and scarcely anything whatever in favour of them; but I wish to impress upon you that this is not an amalgamation, that it is not a new line, and that it is not an extension; by this agreement we simply say to the Buffalo and Lake Huron Railway, "We find you have a line in this direction, we find you in existence, we wish to work in harmony with you, but we do not wish to do anything except by a binding arrangement, by which there shall be a joint purse and a joint management, in consequence of which the net profits shall be divided in a certain ratio." It is clear, therefore, that the whole question in dispute is one as to the ratio; it is not a question of amalgamation at all. There can be no dispute whatever upon that part of the case, you have heard the facts given by the Chairman, and you find that it is merely a question of joint management and a question of net receipts. What, then, is the meaning of the phrase that has been used of pre-preference? What pre-preference is there at all? Surely, if the two concerns were to be put together, and supposing they have £100, if we were to say to the Buffalo and Lake Huron Company, "You shall have £13, and we will take the £87." (of course, I do not bind myself to these figures,) surely the Buffalo and Lake Huron Company would say

"thank you for nothing, the £13 has actually been earned on our line, and the £87 on yours." The only point in discussion should be as to the exact proportion in which the receipts should be divided. There may be some difference of opinion as to whether it ought to be £13 or £13 $\frac{1}{4}$, or £13 $\frac{3}{4}$, or some other decimal; but, as regards the earning and the origin of the money you have to divide, the Buffalo and Lake Huron Company can say "it is just as much ours as yours because it has been earned upon our line, or because we have earned it upon yours;" therefore all the arguments which have been advanced, with respect to this being a preference, are entirely fallacious and beyond the mark. I may say I heard quite enough during the investigation and examination of witnesses before the Committee to satisfy me that the true policy of those who made these railways is to work together, and not in competition with one another, and it is because the arrangement before you to-day is a very practical one for working together, that I believe it will commend itself entirely to your judgment. I heard the speech of Mr. Adams with great pleasure; he gave the meeting a practical idea, and cordially admitted the wisdom of the course pursued by the Board. I might also congratulate Mr. Conybeare on the very great difference between his speech and the two papers he has distributed. I found a great amount of the printed matter of this paper such as I could not at all admire; but after the very handsome *amende* which Mr. Conybeare has made to-day, which is one of the few remarkable things in his career which I shall bear in mind, and after the statement that he has made that he is convinced of the wisdom of the policy of the Board, I shall not make any further comments upon these papers. (Cheers.)

Mr. CONYBEARE—I did not say exactly that I was convinced; I said I might have been if I were not sustained by another principle.

The CHAIRMAN—In reply to the several questions that had been put, said as regards the statement of Mr. Isherwood, that the first and second preference bonds had been placed before his original bonds, that gentleman ought to obtain an accurate knowledge of facts before they make such remarks. The £3,000,000 advanced by the Canadian Government was put, as Mr. Newmarch says, behind

everything else to enable the creation of £3,000,000 of preference bonds to take exactly the same place. 2,000,000 of those bonds were created first, and, I think, one million was created afterwards, making up the £3,000,000, so that in point of fact it is not fair to say that the preference bonds had anything put before them. (Hear, hear).

Mr. ISHERWOOD—I only meant to say, that as an original debenture holder that there has been a first, second, and third mortgage bond created over me; I do not think there can be any question about that.

The CHAIRMAN—The question is whether, practically, as regards the ordinary bonds referred to, any kind of arrangement was made which created a charge over them. The honourable gentleman will see it is true that the first and second preference bonds were put technically over the ordinary bonds of the Company: but why? Because there was a preference put after them, a preference of £3,000,000 of the Canadian Government Bonds which originally was placed before them. It is perfectly clear that if the Government of Canada, who had a preference to the extent of £3,000,000 over you, chose to say "We will throw our preference overboard to enable £3,000,000 of preference bonds to be created in place of ours," you could not say that you were thereby placed in a worse position. For the operation involved merely placing £3,000,000 of Preference Bonds in lieu, and at the same rate of interest, of the £3,000,000 held by the Government and people of Canada. I will now proceed to answer some of the questions which have been raised. In the first instance permit me to say that I should not have alluded to the circumstance of any other railway company, had it not been for a charge that I saw in a letter signed "Germanicus," published in a morning paper, to the effect that the same thing which had been condemned in the case of the London Chatham and Dover was being done by the Grand Trunk Company. I thought it desirable that that impression should at once be removed, and I thought it my duty to show at once that the arrangement now under discussion is a totally different thing, while, as regards the past, the circumstances were not the same. The fact of consent existed in your case: it does not exist in the case quoted. The fact of obvious, and undoubted necessity existed in your case, while in the other I contend that it does not exist. Under all the circumstances,

I do not know that the Grand Trunk Railway is chargeable with anything which can fairly be excepted against, while undoubtedly acting with the full knowledge and consent of its bond and stockholders, it simply took the measures best calculated to promote their interests. Dr. Johnson wishes me to go into details on the subject of the American combination. We certainly declined to combine, and we also declined to adopt a system of rates and arrangements bad for you and bad for the public; and while as anxious as anybody to augment the net profits of our working, we made certain stipulations fully justified by your special interests. These stipulations have now been agreed to. This combination, having at first declined our proposals, afterwards endeavoured to force us into its ranks by a most tyrannical system of exclusion and obstruction. Who, then, was it that threw the first stone? I say they did; because they actually threatened to stop, and did attempt to stop, our through traffic. When, however, they said to us, "We will stop your traffic," we said, "So long as you stop our traffic we will put down your passenger rates till you see your error." And in doing so we made a profit: they sustained, all round, a serious loss. But the moment they ceased to stop our traffic we put up these rates. We were always perfectly ready to raise the rates generally, and, wherever possible, to the most remunerative standard. But what they at first proposed would have destroyed our independent control over our traffic, and with it would have destroyed that popular route, through Canada, for the produce of the west which we have so successfully, and at such pains now firmly established. I repeat that we by lowering the passenger rates broke down the combination against us; but it is but fair to say that I think the effect of such combinations as that proposed would have been to drive the public off your line, and you do not know what the consequences would have been, either political or pecuniary. The noble western farmer, now your friend and customer, would have been alienated, and how do we know that he might not have been led to say to his Government, "These British carriers are ready to assist in damaging our rights of transit—now abolish the Bonding Acts." I say that that is by no means an improbable supposition. If gentlemen had a little more practical knowledge on these questions, I think they would agree that we have taken

the right course—the only course open to us to protect you. But there were five through lines, including your own, and the discussions were not altogether broken off when one of the five retired. After that, whatever it might have been before, your course was perfectly clear, for it could be of no earthly use to join in a movement already broken down, especially when its success would simply and plainly have given the control of all your through arrangements into other and competing hands. If you agreed to a combination of that kind, I repeat you would have had to give up much of your through traffic entirely. I will only add one word about what has been said with regard to competition with the Great Western of Canada Railway. Mr. Hartridge knows very well that I am a man of peace; but, at the same time, if I am compelled to fight, why I do my best. (Hear, hear.) I consider that the directors are not here to indulge in any personal feelings, but to make the best of the property, and, doubtless, a policy of peace is infinitely preferable, because more profitable, as well as more agreeable than a policy of war. With regard to the Great Western of Canada Railway, we have always been ready to meet them, and to make the most friendly arrangements with them. By such arrangements we should be enabled to reduce the expenses and increase our profits. I only wish the Great Western Railway would even now come forward and accept what we offered to them two years ago, viz., an independent arbitration, which should deal with every question in dispute as it arose, so that we need never trouble you with these matters at all. If they would only propose that, I will undertake that the proposition shall be at once laid before our Board, and I have little doubt it will be frankly accepted. I need scarcely trouble you any further, because Mr. Newmarch has touched upon various points to which my attention had been drawn. I will merely answer the question, as to whether any of the directors of this Company are connected in any way by personal holding or interest with the Buffalo and Lake Huron Railway property. I must say that it is a very humiliating thing for any member of the Board to have to answer such a question so put; but I will say this for myself, and for each member of the Board of the Grand Trunk of Canada Railway, that not one of them holds, or ever held, a single share or security in the Buffalo and Lake Huron Railway. (Cheers.) I will

also add, that not one of our officers holds now, or has ever had any interest of any kind in that company, nor do I believe that anyone connected with the Company has any such interest, save that some few shareholders of this Company may have an interest in it, as some have also in the Great Western.

Mr. WYLD—I am perfectly satisfied with the statement that the Chairman has made. I know that many things are said, and it has been said that one of the directors of the South Eastern Company did that very thing in this country, viz., took a number of shares in a company for the very purpose of reaping a benefit from a subsequent amalgamation.

The CHAIRMAN—I do not know to whom the honourable gentleman refers. If there has been any such transaction, I am of opinion that it should be publicly exposed, and I should therefore prefer that any gentleman making such a statement should mention the name and address of the person to whom he alludes. I certainly felt a considerable amount of humiliation in answering the question, because suspicions of that kind ought not to be thrown out through such questions, unless upon the gravest grounds. Men like Messrs. Baring, Glyn and others, holding so high a position in the City of London, are least of all likely to be influenced by considerations of that kind. I think I have now gone through and answered all those matters to which my attention has been called, and I must ask you to hold up your hands in favour or against the proposition that has been submitted to you.

Dr. JOHNSON—You have not answered my question, Sir, with respect to the operation of the fourth clause, and the power creating future preference stock under it.

The CHAIRMAN—I beg your pardon, that is a point which certainly escaped me. The fourth clause of the agreement provides that the Buffalo and Lake Huron shall pay its share of the cost of any working stock that shall be required to be raised to meet the reasonable and necessary working of the line. If no such clause had been introduced the effect would have been that, if we wanted new engines and we had to order 100 or any other number, you would have been at the whole expense of finding the capital, but under the clause as it stands you are protected from such a danger. If you

want more capital to provide for more traffic the Buffalo are to find their share and you are to find yours. Dr. Johnson's mind was very much disturbed by seeing the words "raising further capital." It is quite clear that the Joint Committee under this agreement can have no power of raising capital or any security over your heads. You have raised a certain amount of capital, and a considerable portion of that capital is in reserve. What we want is this: supposing a certain sum of money is required to be spent upon the line in order to maintain the traffic, we require that the Buffalo and Lake Huron Company should raise 15 per cent. of it; so that instead of its being a charge on us, it should be divided proportionally. That does not involve the slightest danger of the creation of any pre-preference; it is merely an agreement that they shall pay their fair and proper share, and the money will be received and judiciously laid out, no doubt; but the joint committee will have no power whatever to raise pre-preferences. I am certain I am right on this, although I do not profess to be a lawyer like Mr. Conybeare. No doubt as the traffic goes on increasing additional capital will be required for new plant, and when you have to lay money out this clause simply provides that the Buffalo and Lake Huron shall lay theirs out too.

Mr. CONYBEARE—It simply amounts to this: that when fresh money is to be raised, instead of your raising it all, they are to pay a quota for the purposes that are required.

The CHAIRMAN—Exactly so; you have condensed everything that I wished to explain into a single sentence. Gentlemen, I now beg to put the resolution.

The resolution was then put to the meeting in the usual way, and carried unanimously.

The CHAIRMAN—Gentlemen, I thank you for your attendance, and the patience you have manifested during this long meeting.

The proceedings terminated with the usual vote of thanks to the Chairman.